

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
2000 Biennial Regulatory Review)	CC Docket No. 00-175
of Separate Affiliate Requirements of)	
Section 64.1903 of the Commission's Rules)	

Comments of the State Corporation Commission of the State of Kansas

NOW COMES, the State Corporation Commission of the State of Kansas (KCC) and, for its comments in the above-styled Docket, states as follows.

1. In the Notice of Proposed Rulemaking, issued in this Docket on September 14, 2001, the Federal Communications Commission (FCC) instituted a "broad-based reexamination" of certain FCC separate affiliate rules that pertain to independent local exchange carriers (incumbent independent LECs) which provide in-region interexchange service, in whole or in part on a facilities basis. Of particular interest to the KCC is the FCC's invitation for comments upon whether or not the separate affiliate rules serve the public interest and if the cost of maintaining the separate affiliate outweighs the benefits of those rules.

2. Absent a less expensive alternative that preserves the benefits of the separate affiliate rules, the KCC is opposed to elimination of the rules.

3. There are thirty-seven (37) small rural incumbent independent LECs (RLECs) operating in the state of Kansas, all of which are rate-of-return regulated. The RLECs are required by Kansas law to reduce their intrastate access rates every two years to the rate level charged in the interstate arena as long as the amounts of such reductions are recovered from the Kansas Universal Service Fund (KUSF).

4. The separate affiliate rules provide for separation of costs which prove immeasurably helpful in the audit of RLECs to ensure that their KUSF support draws are justified. Furthermore, virtually all the RLECs provide both regulated toll service and many unregulated services to their customers. It is always a difficult task to isolate the costs which were properly incurred to support rate-of-return regulated services and ensure against cost misallocation, unlawful discrimination or price squeeze against rival interexchange carriers. Eliminating the separate affiliate rules would tax the already scarce resources of the KCC..

Respectfully Submitted,

Kansas Corporation Commission
1500 Arrowhead Road
Topeka, KS 66604

July 22, 2002

John Wine, Chair

Cynthia Claus, Commissioner

Brian Moline, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent electronically or by United States Mail, on this **22nd** day of July, 2002, to the following:

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